

WEST BASIN MUNICIPAL WATER DISTRICT

NOVEMBER 16, 2006 – Water Resources

Little, Kwan

NOVEMBER 27, 2006 – Board Meeting

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INFORMATION CALENDAR

METROPOLITAN WATER DISTRICT ACTIVITIES UPDATESUMMARY:

This staff report on Metropolitan Water District (MWD) issues is intended to brief West Basin Municipal Water District (District) Directors on activities and issues relevant to the District and its customer agencies. The first section, "On-Going Issues" is a status update on current studies, reports, and/or policy work groups that staff is involved with. The second section, "Current Month's Issues", is a report on noteworthy items that are being covered at the current month's MWD board meeting. The last section, "Upcoming issues" is a preview of new and forthcoming issues important to the District. This format is intended to keep the Board informed about current and future items at MWD in order to provide direction to staff and its MWD representatives in a timely manner, if required.

On-Going IssuesLocal Resources Program (LRP) Working Group

Purpose: MWD formed this Work Group to re-assess the policy framework that determines how often and in what manner LRP projects are selected, the incentive payment structure, and the total project yield needed to meet supply development targets. The District holds one of the largest LRP contracts with MWD, and our water recycling program has delivered more local water than any other single LRP-funded project by far. Therefore, we have a keen interest in the future of the LRP process.

Update: Staff attended the LRP brainstorming session on October 13. At this meeting, West Basin identified those areas of refinement that we considered most important for the continued success of our recycled water program and for the MWD region in general. Many other member agencies participated in the same manner. Among the issues that received the most support were:

- Extend/expand existing LRP contracts
- De-emphasize or remove cost from the RFP Selection Criteria
- Increase the Incentive level up to \$350/AF
- Flat rate of \$250/AF with a portion paid up-front
- More frequent project-selection opportunities
- Have MWD share project risk with member agencies

MWD plans to take all of the comments received at the session and develop these into program options with pros and cons for consideration and discussion at the next LRP meeting, scheduled for November 29, 2006.

Report on Groundwater Capabilities

Purpose: Earlier in the year MWD's Board directed staff to assess the groundwater storage capability within each groundwater basin in MWD's service area. The purpose is to identify potential impediments to achieving greater groundwater storage, and meeting IRP storage targets, by establishing a baseline of information on the physical, operational, and institutional characteristics of each basin.

Update: At last month's Water Planning, Quality, and Resources Committee, MWD staff presented some preliminary highlights of the report. The report is expected to include detailed information on all of the groundwater basins within the Metropolitan service area, classified into 18 separate sub-areas. Such information will include: production data, water levels, recharge amounts, storage capabilities, water quality issues, as well as an overview of the basin governance. District staff, in coordination with the Water Replenishment District, will be reviewing the content of the report during November. The draft report is expected to be completed for the MWD Board of Directors by January 2007.

PUC Ruling on Pilot Energy/Water Partnership

Purpose: The interrelationship between energy and water usage, and their conservation, is receiving much attention, driven primarily by acute energy shortages over the past several years. Since roughly 20% of energy consumption in California is attributable to the treatment, delivery and usage of water, an argument can be made that a certain allocation of energy utility conservation budgets be dedicated to water conservation efforts.

Update: MWD has been an integral part of recent efforts to encourage the Public Utilities Commission (PUC) to consider rulemaking regarding the recognition of energy savings resulting from successful water conservation. In response, the assigned Commissioner ruled in October that each energy utility (PG&E, SDG&E, SCE and SCG) partner with "one large water provider to implement a jointly-funded program designed to maximize embedded energy savings..." These energy utilities are required to file applications for pilot programs by January 15, 2007, for implementation beginning July 1, 2007.

If MWD is the "one large water agency" partner, staff is expected to roll-out their anticipated process for determining how the pilot program budget is to be allocated among member agencies, and on what conservation projects. Pilot program success will likely bode well for full incorporation of water-related program during the energy utilities' next rate planning cycle (2009-2011).

Current Month's Issues

Bay-Delta Conservation Plan: Cost-Share Agreement

Summary: In an effort to refocus and redirect the CalFed Environmental Restoration Program for the Bay-Delta, MWD and other key stakeholders negotiated a Memorandum of Agreement (MOA) as it relates to the operations and improvements of the State Water Project (SWP) and Central Valley Project (CVP). Part of the MOA called for the development of a Bay-Delta Conservation Plan (Conservation Plan) in order to protect environmental interests while ensuring MWD's water supply from the SWP remains reliable and accessible.

One of the first elements in the development of the Conservation Plan is to negotiate a planning agreement to establish mutual agreement over the process. This planning agreement will define the parties' goals & commitments, define the geographic scope of the planning area, identify a species list, identify conservation objectives, establish a process for scientific input, and determine the amount of funding needed. The total cost over the next two years to cover the fishery agency staffing and consulting resources is estimated at \$13.5 million, of which MWD's share is \$2.8 million based on its proportionate share of its SWP Delta Water Charge.

Upcoming Issues

Diamond Valley Lake Recreation Facilities & The Center for Water Education

Summary: MWD Diamond Valley Lake (DVL) Recreation Facilities includes an array of projects ranging from the development of hiking trails to the potential sale of surplus property. Over the next year, the Asset and Recreation Committee will consider many items pertaining to DVL Recreation. District staff plans to provide the Board with background information on the major milestones within the DVL Recreation program since its inception, and what has been accomplished, so that the Board is more familiar with the key issues.

The Center for Water Education (The Center) is an educational museum facility located near DVL dedicated to public education on water supply, reliability, and sustainability in Southern California. The Center is an independent non-profit entity developed to support and facilitate the museum. A board of ten members governs the facility along with a small staff. The Board will also be provided with background information on the major milestones of the Center for Water Education.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on November 16, 2006 and agendaized to the November 27, 2006 Board meeting as information for discussion.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

None.